

Analysis on why Development Policies fail in Nigeria

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Abstract:

The need to achieve development is of important to countries and development policies and plans are implemented with the aim of achieving economic development. The research paper examines why development policies fail in Nigeria and in other to examine this, the following objectives were establish: to assess different national development plan in Nigeria, assess why development policies fail in Nigeria, explain major economic principle relevant to industrial development, explain policies options available for development and suggest other measures for achieving development in Nigeria. The researcher recommend on the need for government to minimize the rate of corruption and also to ensure policies consistence in government policies.

Keywords: development policies and Nigeria

1.0 Introduction:

All over the world development policies are strategic in nature and this is based on its cost to the society and also it's irreversible doctrine. Development policies are long terms and in some cases are called industrial policies and this is because it focuses more on industrialization on an economy.

Howard Pack (2000) states that "industrial policies comprise a variety of actions designed to target specific sectors to increase their productivity and their relative

important within the manufacturing sector. Within the Nigeria economy there have been different developmental policies implemented by the previous and current administration with the aim of improving the economy in terms of making it among the best 20 economy in the world by the year 2020 (vision 20:20:20). Most of these policies are on infrastructure through private public partnership (PPP) in which the private sectors to invest billions of dollars in road construction, power, health etc.

The implication of these policies is that the private sectors are met to manage these investments within a time period usually 20 years and above in which they can hand it over to the government. Also the current administration understand the need of better education system to an economy and this could be seen by the creation of additional nine federal universities and the approval of more than fifteen private universities with the aim of developing and improving the Nigeria economy. Also there have been optimal industrial polices drive in the country with the aim of attracting investment so as to create employment and also improve the per capita income of the Nigeria population.

Upon all these policies implemented in Nigeria, the country have not reach its peak in terms of achieving economic

development by when using all development index such as employment rate, per capita income etc. also in some cases, most of these policies failed and this is as a result of different factors which in return lead to additional waste to the country. All these problems on why development policies failed in Nigeria will be examined in this research paper.

1.1 Purpose of Study:

The overall objective of this study is to analyze why development policies fail in Nigeria. Also other objectives in which this research paper will address are;

- i. To assess different national development plan in Nigeria
- ii. Assess why development policies fail in Nigeria
- iii. Explain major economic principle relevant to industrial development
- iv. Explain policies options available for development
- v. Suggest other measures for achieving development in Nigeria.

1.2 Significant of Study:

The study is both for academic use and non-academic use. The study is of important for students that want to carry out research on development policies and problems. The study will also be of importance for those in authorities and this is based on the fact that it will explain on why development policies failed and provide alternative policies for development.

2.0 Overview of development:

In it's simply form; development is defined as an increase in per capita income plus desirable social changes. According to Gboyega (2003), development is an idea that embodies all attempts to improve the conditions of human existence in all situations. This means that development must have a positive impact in terms of improving the life of people and infrastructure which are important in creating employment, reducing poverty, increasing per capita income etc.

Naomi (1995) is of the view that development is not only about achieving economic growth, but to achieve equitable distribution of income, provision of health care, education, housing and other essential services all with a view to improving the individual and collective quality of life.

Chrisman (1984) views development as a process of societal advancement, in which improvement in the well being of people are generated through strong partnerships between all sectors, corporate bodies and other groups in the society.

Dudley Seers (1969) explain development as appreciable and uniform improvement in the general living standard of people within an economy to the extent of reducing poverty, unemployment and inequality. Seer's definition sees development as an exclusive national question. According to Seers (1969), in order to explain development there is need to for a country to analysis three key questions which are: what is the rate of poverty in the country? What is the rate of unemployment? And is their efficient income distribution in terms of reducing

inequality? If all the three questions are positive then we can said that the country have achieve development.

2.1 Veritable development objectives:

All over the world the objectives of an economy is to achieve development and for less-developed countries it is of most important and this is due to the rate poverty level and decay in existing infrastructure. Upon that the veritable development objectives of a less-developed country like Nigeria may be summarized as follows:

- Appreciable growth in national income that will raise per capita income rapidly
- Promotion of equitable income distribution and social justice
- Promotion of self reliant economic development
- Promotion of price stability
- Promotion of fuller employment
- Balanced socio-economic development
- Protection of the physical environmental and ecological balance

2.2 National development plan in Nigeria:

The 1962-68 first national development plan was simply a sum-total of the four regional development plans and that of Federal Government, all of which consisted of independent project. The major development objectives of the plan are; achieve a target 4.0% per annum national income growth, achieve a self sustaining growth, to facilitate a rapid development of

education, health and employment opportunities for all citizens and to promote stability of the Nigeria economy.

In addition to the previous policies, the 1970-74 second national development plan sought to promote a more self-reliant industrial development and reduce foreign domination of the industrial sector, as well as promoting social justice and equity. Towards this end, the Nigeria Enterprises Promotion Act was enacted in 1973 to reserve some businesses for Nigeria entrepreneurs and restrict foreigners to more complicated industries or in joint venture with Nigerians.

The bright performance of the 1970-74 plan and the oil boom seemed to have encouraged the Federal Government to pursue a more comprehensive and highly ambitious industrial policy during the 1975-80 and 1981-85 national plans. The additional major emphasis in the development objectives of the third national development plan were the diversification and balanced development of the economy, promotion of full employment and high level manpower development, and further indigenization of the economy.

The fourth national development plan had similar objectives as the third national development plan. But realizing the lack of self-reliance of the economy in spite of previous efforts at diversifying the economy and the continued over-dependence on oil and on imported inputs and technology, the plan placed great emphasis on promoting technological self-reliance and dependence on internal

resources for sustainable long-term development.

As the economy still had fundamental problem of inability to sustain development, the Federal Government introduced in 1986 the Structural Adjusted Programme (SAP), which sought to promote industrial efficiency and competitiveness and reduce the excessive dependence on the oil sector and on imported inputs, through market deregulation to give greater role to the private sector and reduce direct government involvement in production distribution. This era was described as Policy-Oriented Planning Phase (Obadan, 2003:128), taking the place of the medium-term plans that were characterized by comprehensive central planning.

With the general failure of SAP, another era of planning evolved, characterized by three year rolling plans, but was still anchored upon SAP philosophy of (guided) deregulation, privatization and commercialization policies. The first national rolling plan covered the 1990-92 periods, and was followed by a dozen three-year rolling plans. The rolling plans linked annual budgets to medium-term capital expenditure programme as well as having some consideration for perspective plans. The era thus appears to be a compromise between the medium-term planning philosophy and the market-oriented indicative planning philosophy.

Despite all these national development plan and restructuring policies, Nigeria still face the chronic problems of poverty, structural imbalance, tremendous dependence on oil, excessive import

dependence, rapid inflation, and infrastructural decay.

2.3 Why development policies fail in Nigeria:

Different factors can be trace as why development policies fail in Nigeria and some of these factors are:

- **Lack of executive capacity to be responsible for the formulation and implementation of the plan:** According to Tolu .L and Abe .O (2011) what we usually see are officials entrusted to such a position but without any meaningful executive authority. And this is because national development plan fail in Nigeria due to lack of public involvement and consultation. For development plan to achieve its purpose there is need to carry all sectors of the country.
- **High rate of corruption:** the nature of corruption is another problem in Nigeria and this may be seen as a major factor on why some national development plan fails in Nigeria. Most of the leaders that are met to ensure the implementation of these plans use the opportunity to enrich them-selves base. Mimiko (1998) put it that a very good plan supervised by a thoroughly corrupt state can hardly do a thorough good job.
- **Mono-base economy:** this is another factor that has contributed to why development plan fail in Nigeria. Nigeria economy is a mono-base economy in which crude oil contribute more than 80% of the national revenue and this have also make those in authority not to be serious and this

is because oil is seen as a cheap money which will always come at when due.

▪ **Over dependence of imported model for development:** this is another factor on why development policies fail in Nigeria. Most national development plans that are implemented in Nigeria are based on development model for advanced developed countries. For Nigeria to achieve real-development there is need to build a home grow model that will consider structural differences that exist in the country. This is based on the fact that most of those models are developed based on the structural differences in those countries (develop-countries) which differ from the structure of the Nigeria economy.

▪ **Changes in government policies:** another factor that has also lead to development plan failing in Nigeria is due to policy inconsistence by different government. Nigeria is the only country that when there is a change in powers the new government may decide to cancel the policies of the preview government and start with a new policy. In some case project awarded by the preview government will also be affected and the new government will want to initial new policies.

2.4 major economic principles relevant to industrial development:

Obviously the major economic principles relevant to industrial development are:

▪ **Specialization in area of comparative cost advantage:** classical

trade theory explained beneficial trade on the basis of specialization along areas of comparative cost advantage while the neoclassical model (Hecksher-Ohlin theory) postulates that relative factor endowment determines international trade patter, being responsible for differences in relative cost and price advantage among products utilizing varying factor proportions and not on account of differences in the access to technology or inherent differences in productivity. Nations are expected to promote specialization in international trade along lines of comparative cost advantage or relative factor endowment.

▪ **Appropriate technology and plant size:** even when a nation has properly selected industries in which she possesses potential or static relative factor endowment or comparative cost advantage, it is still necessary to adopt an efficient and sustainable technology as well as a dynamically optimal plant size. Although the neoclassical trade theory assumes equal access to technological possibilities by all nations, in reality this is not valid on account of imperfect competition and discriminatory trade policies in international trade relatives (Elhanan .H, 1990; David .G, 1992). Even if there exist equal access to all technological possibilities, the private sector in less-developed economies will not necessarily select a nationally appropriate technology. The apathy towards appropriate technology is due to several factors characteristic of an under-developed economy, including imperfect knowledge, inadequate technical know-how, and imperfect domestic

competition and market distortions due to government policies. Adopting technologies or promoting industries that are foreign-exchange intensive, unnecessarily factor-biased and inconsistent with the nation's factor endowment, is the rule rather than exception in Nigeria in particular.

▪ **Favourable and adequate investment resources:** there is general agreement in development theory that substantial investment is required for modern industrial development. Poor countries are often unable to mobilize such adequate and appropriate investment resources. For one thing, there is need to attract substantial foreign investment. For another, there is need to ensure that the foreign capital inflow does not turn out to be exploitative or adverse to national development. For optimal industrial development, foreign capital inflow must not only be appropriate in magnitude, it must also be of favourable terms to the host nation. Favourable terms include the financial cost of the funds (that is, the interest rate and other charges payable on foreign loans or the investment rate of returns expropriate formally and informally), the social cost of the funds such as the aggravation of technological dependence, balance of payments difficulty, income inequality, environmental degradation and unemployment.

▪ **Availability of adequate and appropriate management and skilled manpower:** another relevant economic principle is the need to develop adequate

and appropriate management and skilled manpower for industrial development programme. A nation cannot rely on imported skilled and management manpower as this will not be economical. Imported manpower may be beneficial in the training of local manpower as a kind of investment in human resources development.

Considerable use of expatriate manpower will be adverse to comparative cost advantage, as the host country will pay more for the services of expatriates than the other nations who have developed their own indigenous skilled manpower. Furthermore, the use of expatriate involve direct foreign exchange repatriation (factor income payments to abroad) while the use of indigenes does not, except for the general propensity to import consumer goods wherein foreigners propensities are even more pronounced.

2.5 Policies options available for development:

Achieving sustainable development is of important to a nation and policies options available for development are:

▪ **Public-Private Partnership (PPP):** this policy centre on private management of government investment. This is based on the fact that private sectors are seen to be more efficient in the management of resource. This deal with government creating an enable environment that encourages private sector participation and investment in the economy. In some cases the private sectors are to investment huge amount to a

particular sector in which there is an agreement with the government on how they will recover their investment. In some cases most of the agreements involve transfer of ownership to the state or community. Among the benefits of this policy options is that it help the government to serve scare resource (finance) and it also help the government to regular policies which will serve as a check to the activities of the private sector.

- **Rural development:** According to Igbozurike (1977) rural development is a regional resources mobilization system in which the conceptual initiatives and responsibility rest with the occupants of the region concerned. It is an educational process or activities in rural communities, which deals with the principle of self-help. Bail (1974) view rural development as an educational process, which seeks to create improved opportunities for local people to satisfy the human, economic, social and psychic needs. This is a development process that deals with the aspect of identifying communities in which the government can develop the communities based on their factor endowment or area of interest. This development strategy is effective and this is because it creates opportunity in which each commodity within the country contributes to the development of the state.

- **Rural and Urban integration:** this is another optional development strategy. This deals with the process of development the rural areas in terms of ensuring the

provision of social services or amenities such as: power supply, good road network, school, health facilities etc. all these and most are key in ensuring even development in the rural setting and the government can ensure that rural development provide the necessary input for urban development. This optional development strategy also help in reducing urban congestion and this is base on the fact that the rural populace may not see the need for migrating to the urban cities.

- **Agricultural development:** this optional development strategy deals mainly on ensuring food sufficient and foreign exchange earnings. It is also instrument for infrastructural development. Also the survival of any economy depends on the agricultural sector. At every rate food security is very important especially in developing countries that lack basic necessity of life and are depended more on importation. Agriculture also supports housing and industrialization through th provision of cheap raw materials. There is need the Nigeria government to reform its Land use system and also irrigation. Also government can also develop Graduate framers in which more graduates can go into framing through granting huge incentives in the framing system which will attract more graduates.

- **Import substitution development strategy:** it focus on substituting imported goods with domestic produce goods. There is need for the government to encourage local industries with loft loans and also

ensure that part of their produce is consumed by Nigerians. This is key in ensuring that Nigeria can start exporting its products.

▪ **Export promotion development strategy:** deals with a situation in which government open the economy and give incentive for export promote goods. This develop strategy will help the country in earning foreign exchange.

2.6 Measures for achieving development:

In other to achieve development, there is need for those in authority to consider the following below:

i) **The need to minimize corruption:** corruption is one of the problems that have lead to under-developed of the Nigeria economy. It is on record that Nigeria is one of the most corrupt countries in the world. This has had huge negative impact to the development of the country. In some cases billion of dollar (\$) met for development project are channel to personal use by those in authority or those that is charge with the responsibility of implementing development plans and policies. There is need for the new administration that is coming on board on May 29th 2015, of General Muhammad Buhari to ensure that corruption is reduce to its minimum if Nigeria is to achieve even development.

ii) **The need for policies consistence:** development policies and plans are huge cost to a country. One of the problems of under-development of the Nigeria economy is inconsistence policies in which every

administration with want to start a new policy and discontinue with the previous policy of the administration before. There is need for the new administration of General Muhammad Buhari that is coming on board to ensure that there is policy consistence and this will help private sectors in having confident in the country and government and this is key in attracting long time investment.

iii) **Manpower development:** this is need for the government to invest more on human capital development. Countries that have invested on their human capital development and use it to achieve development are; China, India etc. Also having the right technology will not also help a country to achieve development and this is because technological progress also requires appropriate and adequate human physical development in consonance with dynamic and optimal pace and pattern of industrial development in a highly competitive global economy.

iv) **Create a favourable environment for research and development:** there is need for government to create a high level of universal technology spillovers in research through the promotion of collaboration of research activities carried out in the universities and other national research institutes on one hand and those carried out by the private sector. For example, incentives should be created to stimulate the universities and research institutions towards converting their theoretical research findings to practical applications required by the

business sector, such that the private sector, with marginal investment in sponsoring collaborative research and development, benefits from knowledge spillovers from the nation-wide research institutes.

v) Economy stability: development cannot be sustainable unless price stability is ensured and the foreign exchange market is not chaotic. Rapid inflation will ever prevent the economy from being competitive in the world market and will promote capital flight and discourage domestic investment through its influence on interest rates, the promotion of unproductive speculation and weakening of the banking and capital market.

vi) Sound and adequate infrastructural foundation: Endogenous growth theories emphasize the critical role of domestic infrastructure, a result of the structure and effectiveness of government spending and resource mobilization. The infrastructure include especially adequate and cost effective electricity, appropriate transportation network (especially railway system), and efficient widespread telecommunication.

vii) Political stability, security, law and order, and favourable social order: all these factors are interrelated and may be taken together. Several endogenous theories have put forward these factors in one form or the other and empirical studies, including those sponsored by the World Bank and United Nations have demonstrated the importance of these factors. It is obvious that investors both local and foreign can

never be attracted to a politically unstable nation, and cannot also thrive where there is severe insecurity to life and property. Development is also not sustainable in an environment that lacks accountability and transparency as the government will mismanage such an economy and will not put in place law and order that will regulate healthy business practices. Crooks will thrive in such an economy, corruption will be unbridled and the economy will be ruined. Democratization process or the promotion of functional democratic institutions will promote accountability, transparency, law and order, social justice and equity, and political instability. The government will thus be compelled to manage the economy in an efficient manner.

3.0 Conclusion:

Development policies are long term in nature and in some cases are huge costs to the society. The research paper examines why development policies fail in Nigeria and from the study, it could be agree that there have been different development plans or policies implemented by the previous and current administration with the objectives of making Nigeria economy to be one of the best twenty economy by the year 2020. In other to achieve its vision of 2020, the following were recommended:

- i) The need to ensure that there is policy consistence and this is help in providing confidence to both local and international investors that want to partner with the government.
- ii) The need to reduce or minimize corruption in the country and this will help

in ensuring that funds met for development can be channel to the right source.

iii) The need to develop a home grow model that will consider or factor the structural deficiency that exist in the country.

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